



The President's Daily Brief

July 10, 1975

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FOR THE PRESIDENT ONLY

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USSR

General Secretary Brezhnev stated during a conversation with US Senators last week that he did not have any specific "super-weapons" in mind during his recent speech calling for a ban on new weapons. Brezhnev did mention to the Senators, however, a proposal that the US cancel the Trident submarine and B-1 bomber programs in return for which the Soviets would forgo construction of the "Typhoon" submarine and the "IL-22" bomber.

Brezhnev's efforts to discuss these issues with the Senators may be part of a Soviet strategy to develop informal lobbying channels with Congress. His comments also parallel constant Soviet efforts at the strategic arms limitations talks to terminate or restrict the development of Trident and the B-1.

The General Secretary has referred to new Soviet strategic programs on several occasions in the context of further limitations on strategic offensive arms. The bomber was first mentioned in March 1974 during a meeting with US officials and again in November 1974 at Vladivostok.

Brezhnev's repeated references suggest that these are actual programs that the Soviets are developing or at least considering.

[redacted] On six occasions during the recent round of the strategic arms limitations talks, Soviet representatives have mentioned a new bomber being developed or to be developed with characteristics similar to the B-1. They said it could count toward the aggregate ceiling of 2,400 delivery vehicles agreed upon at Vladivostok.

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If the Soviets are developing a new submarine and a new bomber [redacted] Brezhnev's statements indicate that the Soviets are not yet fully committed to these programs.

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USSR-SOMALIA

A sense of unease is beginning to creep into Soviet media treatment of the Berbera revelations.

One Soviet broadcast last week came close to owning up to the presence of Styx missiles in the Berbera area, emphasizing their age and relative ineffectiveness. There were also hints that the missiles are destined for Somali patrol boats. Other Soviet commentators have engaged in verbal gymnastics to convey the idea that American journalists and Congressmen found no bases in Berbera.

In addition to their public relations problem, the US inspection trips may also cause problems for Soviet relations with Somalia. Some Somali nationalists may urge President Siad to curtail Soviet activities. The Soviets themselves are likely to be upset if, as seems likely, Siad made the visitation offer without first consulting Moscow and then was too free in granting the visitors access.

Widespread acceptance of the US reports will make the facilities a political liability for both Moscow and Mogadiscio. The Soviets' investment in Berbera is sizable, however, and they will curtail their operations there reluctantly, if at all. Their inclination probably will be to hang on in the expectation that the worst of the embarrassing public disclosures is now behind them.

Much will depend on the Somalis. The odds are that Siad has too much at stake in his relationship with Moscow to turn back now, although he might use the current situation to press Moscow for more assistance. On the other hand, Siad has shown himself to be unpredictable and impulsive at times, and his response to this current embarrassment could involve some unpleasant surprise for Moscow.

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LEBANON

Authorities in Beirut last night expressed cautious optimism that Colonel Ernest Morgan has not been harmed and will soon be released, despite the expiration of the kidnapers' deadline yesterday. The Lebanese acknowledge, however, that they have made only indirect contact with those now holding Morgan, and that they do not know where he is.

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The Lebanese government has on several occasions in recent years negotiated successfully with the principal fedayeen groups, but never with the radicals, and any deal could easily fall through.

Leaders of the major fedayeen and leftist groups met in Beirut yesterday to consider the Morgan case. In a joint communiqué issued last night, they called on "all quarters to turn over those being sought" and indicated that the perpetrators of such incidents will be dealt with as a threat to the Palestinian and leftist cause. According to the communiqué, Morgan was originally seized by members of two radical fedayeen groups, but is now in the hands of a largely fictitious organization created to cover the "irresponsible and anarchic" practices of certain fedayeen and Lebanese radicals.

Palestine Liberation Organization Chairman Yasir Arafat almost certainly arranged for the joint statement in order to isolate and put pressure on Morgan's captors. Arafat has publicly condemned the kidnaping on several occasions, and is surely embarrassed that repeated sweeps by his security forces through refugee camps and houses in Beirut have failed to free the officer.

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The demonstration of independence and operational skill by the radicals comes at a particularly bad time for Arafat. The radicals, emboldened by substantial infusions of Libyan money and political support, have recently been criticizing him for "currying favor with America," sacrificing basic Palestinian interests to win a seat at the Geneva peace conference, and selling out to the Lebanese by working to calm unrest in Beirut.

The communiqué makes much of the fact that the Iraqi-supported Arab Liberation Front, ordinarily part of the rejection front, is cooperating with the main body of the PLO in working for Morgan's release.

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CUBA-US

Fidel Castro [] implied in mid-June that the US failure to respond positively to his overtures could strengthen forces in the Cuban leadership that are less inclined than he is to favor negotiations with the US, and that this could lead to a toughening of the Cuban position.

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[] Castro claimed he had made a number of fruitless gestures to demonstrate his willingness to negotiate, mentioning specifically the return to Southern Airways of the \$2 million the Cubans confiscated after an airplane hijacking. He probably also had in mind the release of a number of US citizens held in Cuban prisons for a variety of offenses.

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[] Castro was angered by a comment by a US official--whom he did not identify--to the effect that "there is no reason to reconsider US policy toward Cuba."

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[] Deputy Prime Minister Carlos Rafael Rodriguez, Cuba's leading proponent of detente [] objected to portions of Assistant Secretary of State Rogers' Congressional testimony of June 11. Rodriguez apparently interpreted the testimony as a further indication of lack of US seriousness about improving relations.

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More recently, the Cubans may have changed their minds about our intentions. Foreign Minister Raul Roa last week communicated to the US in effusive terms his appreciation that a Cuban delegation was permitted to attend an agricultural conference in California. This may be Havana's belated recognition of our policy since last December to liberalize issuance of visas to Cubans to attend non-governmental gatherings in the US.

It is possible that the Cubans made known their irritation in order to keep pressure on the US. They probably are looking for some sort of response from Washington during or after the OAS conference in San Jose this month.

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IRAN

Iranian government officials and the press--at the instigation of the Shah--are giving the impression that foreign aid and economic development efforts will have to be held down because of the decline in oil earnings in 1975. Actually, the Iranian balance of payments remains strong.

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Tehran told the International Monetary Fund that it was considering a delay in making its full \$1-billion commitment to the oil facility pending examination of the balance of payments later in the year.

Although Iran's export earnings declined by 5 percent in the first half of 1975, compared with the previous half, they should pick up in coming months because of seasonal factors and the recovery in world economic activity. We believe that oil revenues will be only \$600 million lower in 1975 than in 1974, in contrast to the \$3.5- to \$4-billion drop recently forecast by the Minister of Interior. Even with imports rising 50 percent in value, we expect Iran to achieve a \$10-billion current-account surplus in 1975.

Iran's lending and investments this year will approach a record \$4 billion--roughly double the 1974 level. Even with these outflows, Iran should rack up a payments surplus of \$6 billion in 1975, boosting foreign reserves to \$15 billion.

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NOTES

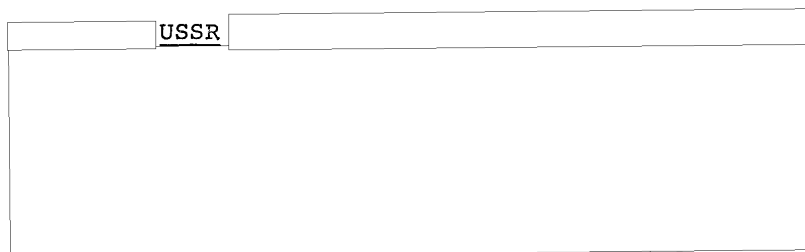
Turkey continues to weigh policy reassessments and options for action against US bases in the event the US arms embargo is maintained beyond the July 17 deadline set by Prime Minister Demirel.



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A severe drought centered in the Volga Valley recently has reduced grain prospects in the USSR, but the Soviets still could harvest more than 200 million tons. Imports of about 10 million tons should cover Soviet grain requirements and provide the amounts required--even in a record year--to cover shortfalls in certain types of grains and to ship grain directly from North America to Cuba and other client states and to the Soviet Far East.

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Panama's General Torrijos is apparently laying the groundwork for a campaign to demonstrate his frustration over the delay in negotiations on a new canal treaty.

He released for publication in a Panamanian newspaper this morning a statement resulting from a meeting he held yesterday with local student leaders on the canal treaty situation. The statement makes clear his strong irritation at the US, but does not break his commitment to keep details of the negotiations confidential. Torrijos thinks he has a strong rapport with the students and he may decide to use carefully controlled student demonstrations--perhaps involving minor harassment of US citizens--to show his unhappiness.

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Both houses of India's parliament have been convoked for July 21 to endorse the recent proclamation of a state of emergency. The Ruling Congress Party's parliamentary majority ensures easy approval.

The decision to summon parliament now rather than next month, as had been generally expected, suggests that Prime Minister Gandhi believes parliament's rubber stamp will give her a strong political position should she need to overcome a Supreme Court decision against her. The court will take up her case on Monday. Although a full written decision is unlikely before late summer, an oral judgment may be issued much sooner because of the importance of the case.

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Cambodian and Vietnamese communist officials
appear to be making progress in resolving their border problem.

Several recent intercepts have mentioned meetings between Cambodian and Vietnamese officials to discuss both the mainland border problem and the status of disputed offshore islands. The communist headquarters in eastern Cambodia has ordered units to pull back at least a mile from the border and cooperate with their Vietnamese counterparts in efforts to sort out overlapping claims. Although the Cambodians appear to feel that agreement is near, isolated clashes may continue for some time because lingering local animosities will probably complicate efforts to implement the decisions reached at higher levels.

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Ethiopia

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